

Investment update

As at 31 October 2018

Snapshot

Pre-tax net tangible assets

96.4c

Gross assets

\$91.1m

ABN: 11 107 772 761

wilsonassetmanagement.com.au

Century Australia

ASX code	CYA
Listed	April 2004
Gross assets	\$91.1m
Market cap	\$86.3m
Share price	\$0.915
NTA before tax	\$0.96
Shares on issue	94,268,790
FY2018 fully franked full year 4.09c dividend	

Investment objectives

- Deliver a regular income stream via fully franked dividends
- Provide capital growth over the medium-to-long term
- Preserve capital

Wilson Asset Management investment and management team

Geoff Wilson AO	Chairman & Chief Investment Officer
Kate Thorley	Chief Executive Officer
Matthew Haupt	Lead Portfolio Manager
Catriona Burns	Lead Portfolio Manager
Martin Hickson	Lead Portfolio Manager
Oscar Oberg	Lead Portfolio Manager
Tobias Yao	Portfolio Manager
John Ayoub	Portfolio Manager
Nick Healy	Equity Analyst
Matt Nicholas	Equity Analyst
Cooper Rogers	Dealer

Company Overview

On 18 April 2017, shareholders of Century Australia Investments Limited (ASX: CYA) approved the appointment of MAM Pty Limited, a member of the Wilson Asset Management Group, as the new investment manager. Century will provide investors with access to a portfolio predominately comprised of large-cap companies in the S&P/ASX 300 Index and the investment management expertise of Wilson Asset Management.

Shareholder Presentations

We look forward to meeting with you at our upcoming **Shareholder Presentations**. The presentations begin at 10.00am in each city and are followed by the Future Generation Shareholder Presentations at 12.15pm. Lunch will be served at 1.15pm providing you with the chance to speak with the team.

Century Australia and WAM Leaders set to merge

The independent directors of Century Australia **announced** that the Company has entered into a Scheme Implementation Agreement with WAM Leaders Limited (ASX:WLE) under which it is proposed that WAM Leaders will acquire 100% of Century shares by way of a scheme of arrangement (Scheme). Century shareholders will be asked to vote to approve the Scheme at a meeting expected to be held in late January 2019. Following a successful vote, the Scheme would be completed in February 2019. For further information regarding the key benefits of the merger, the Century Australia Board's recommendation, the indicative timeline and conditions, please see the **announcement**.

Market overview

The S&P/ASX 300 Accumulation Index closed down 6.2% in October. Equity markets around the world suffered the worst monthly performance since the global financial crisis. During the month, tightening US monetary policy, fears surrounding trade wars, weakness in emerging economies and higher crude oil prices sparked a global sell off in equities. Every single sector in the Australian market closed the month in the red. The technology sector, which has been trading on unsustainably high valuations, was the worst performing sector for the month, falling 11.4%, followed by energy, down 10.3%, impacted by the fall in crude oil prices.

Over the last decade, central banks have pumped an unprecedented level of liquidity into the economic system, lowering interest rates to record levels and driving asset valuations to extremes. The recent stock market rout has wiped out the 2018 calendar year gains in the US, while China's equity market has fallen by nearly 30% from its peak earlier this year and Australia has entered a technical correction.

Portfolio update

The Century Australia investment portfolio decreased 5.7% in October. In what was a disappointing month for equities, the investment portfolio benefitted from defensive positions in selective holdings in the portfolio. During the month Newcrest Mining (ASX: NCM) and Evolution Mining (ASX: EVN) released strong quarterly results, with both companies benefitting from the market's volatility and the safe-haven status of gold, which climbed 1.9% in October. Fortescue Metals Group (ASX: FMG) also released its quarterly results, with an improvement in price realisation resulting from the inclusion of higher grade iron ore.

Performance

Performance at	1	Fin	1	Since
31 October 2018	mth	YTD	yr	appointment of new investment manager % pa (April-17)
CYA Investment Portfolio*	-5.7%	-4.5%	4.1%	6.4%
S&P/ASX 300 Accumulation Index	-6.2%	-4.7%	2.9%	4.2%
Outperformance	+0.5%	+0.2%	+1.2%	+2.2%

*Investment performance and Index returns are before expenses, fees and taxes.

Net tangible assets (NTA) figures

NTA before tax	96.4c
Deferred tax asset on carry forward realised losses	5.8c
Deferred tax liability on unrealised income and gains	(0.5)c
NTA after tax	101.7c

In addition to the deferred tax assets of 5.8 cents per share recorded in the accounts there is a further \$1.9 million or 2.1 cents per share of tax benefit on realised capital losses that is not carried on the Company's balance sheet and is available to be offset against future taxation liabilities.

The fact that Century Australia is currently not liable to pay tax on a portion of its investment portfolio means that the level of franked dividends paid is primarily dependent on the payment of tax on taxable gains derived from the Company's trading portfolio and the level of franking credits received by way of fully franked dividend income. Once the total carry forward losses are utilised, Century Australia will return to paying tax on any taxable gains for the entire investment portfolio. Tax payments generate additional franking credits for shareholders from which franked dividends can be paid.

Diversified portfolio

Investment type	September 2018		October 2018	
	\$m	%	\$m	%
Listed equities	87.2	90.0	80.0	87.8
Fixed interest & cash	9.7	10.0	11.1	12.2
Gross assets	96.9	100.0	91.1	100.0
Total shares on issue	94,268,790		94,268,790	

Top 20 holdings

Code	Company	Code	Company
AMC	Amcor Limited	NCM	Newcrest Mining Limited
ALL	Aristocrat Leisure Limited	QBE	QBE Insurance Group Limited
ANZ	Australia and New Zealand Banking Group Limited	RIO	Rio Tinto Limited
BHP	BHP Billiton Limited	TAH	Tabcorp Holdings Limited
CBA	Commonwealth Bank of Australia	TLS	Telstra Corporation Limited
CSL	CSL Limited	SGR	The Star Entertainment Group Limited
IAG	Insurance Australia Group Limited	TWE	Treasury Wine Estates Limited
JHX	James Hardie Industries Plc	WBC	Westpac Banking Corporation
MQG	Macquarie Group Limited	WPL	Woodside Petroleum Limited
NAB	National Australia Bank Limited	WOW	Woolworths Group Limited

The top 20 holdings are presented in alphabetical order.